

# THE FUTURE OF THE EUROPEAN UNION MULTI OR TWO-SPEED EUROPE

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The Future of the European Union:  
Multi or Two-Speed Europe

Avrupa Birliđi' nin Geleceđi:  
Çok vitesli ya da iki vitesli Avrupa

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## Abstract

The aim of this paper is to analyse the effect of Franco-German alliance in leading the European Union in its way of further integration. As it was evident throughout the history of the Continent, even the idea to form this kind of union was initiated by the French and German politicians, who had bad memories about each other. With or without naive intentions the result was positive at the end. None of the vital policies could have been realised in the absence of French and German confirmation. That's why first of all, the paper will have a look at the history of the EU in order to analyse how effective any of the alliances between France and Germany has been. Another important issue that has to be evaluated in any work on the future of Europe is the positive and negative effect of a two-speed Europe. After the failure of a few member states, namely France and the Netherlands, to ratify the Constitution many hopes remain in the hands of those, which are willing to integrate further and which are hopefully to be followed by the rest. As it is clear in the case of ratification failure, coordination among the member states, including France and Germany institutionalised under the name of Constitutional Convention does not automatically bring about the expected results. Is it the guilt of the degree of cooperation between the two, or is it the result of the inevitable structural changes, are the main questions, whose answers will be looked into. If the former is the case, then there would be still hope for the Union but if not, there is nothing left to do but expect for structural changes, suitable for the re-emergence of an alliance.

Bu çalışmanın amacı Fransa-Almanya ittifakının Avrupa Birliği' nin bütünleşme yolundaki etkisini analiz etmektir. Kıta Avrupası tarihinde açıkça görüldüğü üzere, bu çeşit bir birliktelik kurma fikri bile o zaman için birbirleri hakkında kötü anıları olan Fransız ve Alman siyasilere aittir. Arkasında yatan amaç ne olursa olsun, nihayi sonuç olumlu olmuştur. Hayati önem taşıyan politikaların hiçbiri Fransa ve Almanya' nın onayını almadan gerçekleşmemiştir. Bu sebeple bu çalışmada öncelikle Fransa ve Almanya arasında gerçekleşen herhangi bir ittifakın etkisini anlayabilmek adına Avrupa Birliği' nin tarihine yoğunlaşılacaktır. Avrupa Birliği' nin geleceğine ilişkin yapılan tüm çalışmalarda özellikle değinilmesi gereken bir husus iki vitesliliğin olumlu ve olumsuz özellikleridir. Avrupa Birliği Anayasası' nın Fransa ve Hollanda tarafından onanmamasının ardından, tüm umutlar birleşmeyi göreceli olarak daha fazla isteyen ve diğerleri tarafından da takip edileceği umulanların üzerinde yoğunlaşmıştır. Onama krizinde açıkça görüldüğü üzere, Fransa ve Almanya arasında kurumsallaşan eşgüdüm bile umulan sonuçları otomatik olarak doğurmamaktadır. Bunun eşgüdümün derecesinin mi, yoksa kaçınılmaz yapısal değişikliklerin mi bir suçu olduğu, cevabı aranacak ana sorular arasında yer almaktadır. Eğer ilk durum geçerli ise hala Birlik için bir umut var demektir. Diğer durumun geçerli olması halinde ise ittifakın yeniden oluşması için uygun yapısal değişikliklerin gerçekleşmesini ummaktan başka yapacak birşey kalmamış demektir.

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## **1. Introduction**

The European Union, carrying out one of its most painful winds of change due to its enlarging size, should re-examine its structure in order not to become an enlarged but inefficient union. In the process of political integration the challenges which the EU faces, have to be successfully overcome through integrating the new member states without denting the Union's capacity for action.

The effects of the enlargement are forcing the EU to make a choice between two definite alternatives: erosion or more integration. Widening and deepening are the two concepts that are closely interlinked with each other to an extent that none of them is sustainable by its own. The enlargement came true with the inclusion of the ten Eastern European states; the next step was deepening the integration without which it would become almost impossible for a vital decision to be taken among 25 member states. Consequently the EU is standing in such a point, where one of its parts is pushing for further enhancement of the integrated fields in a way going through much more federative structure, whereas the rest is doing its best to reverse the process or at least to preserve status quo.

Being squeezed between those two, the time seems to go for the sake of the first since the latter needs much more enthusiasm of all members. Though the presence of a mid-way alternative, a core group of member states, lead by France and Germany, integrating at a faster pace than the rest seems better than nothing, the reverse effect of it may also lead to an irreversible disunity in the end. Still the EU has achieved the realization of the European Monetary Union and Schengen area only by allowing the reluctant states to opt-out. Moreover it is less likely for the member states to unite further without the initiation of the core states, especially France and Germany. In any case, if the ultimate aim is the further unification, there is a need for the re-emergence of a strong leadership.

Besides even if one believes in the positive effects of Franco-German alliance in pushing European integration forward (through two or multi-speed), the existence of such alliance and its influence are highly questionable. In the beginning the existence of the alliance between France and Germany, based on a marriage of convenience was undeniable.

It was built on the French ability to utilize guilty feelings of Germany over the Second World War and to make the Germans dance to a French tune. Integration under the umbrella of the EU served the interests of elites in both for different reasons and in different ways. Mainly being a member of the club enabled (is still enabling) the French elites to set a global agenda to an extent that was not possible with national resources. From the German perspective it was the European integration; that promised the prospect of international rehabilitation after the Nazi period. Indeed there was no one else to take the lead in the newly integrating Europe. The UK was ambitious about the European unity. The main consideration of Italy was the farm subsidies offered by the integration. Spain did not involve herself in anyway.

Meanwhile the circumstances changed in a way that effected the alliance in a negative way. After that the power of the alliance began to be questioned. The Franco-German couple did not get divorce but still went through an alienation from each other. Their relations had never been faithful and altruistic as it was used to be. Germany unified a half-century after the end of Second World War began to run after its own national interests and to put their common interests behind. After the reunification and the end of bipolarity in Europe and thanks to the recovered economy, Germany had regained its self-confidence. Since the leadership of Schroeder, Germany has gained courage to announce its foreign policy aims instead of hiding them under the EU umbrella (Treacher 2002: 510-518).

Analogously Franco-German relationship is defined in the *Economist* dated on 25. 10.2003 as a monster like Frankenstein's in the sense that it is dead for a long period of time and then comes back to life periodically. So like a monster Franco-German relations get worse or better –alive or dormant-depending on the circumstances they are going through. A joke made by journalists in a recent EU Summit actually explains that the Franco-German alliance is still alive. They asked Chirac questions in German, a language he does not speak.

What is questioned in this paper is to what extent does the partnership between France and Germany act as a driving force for Europe. More precisely whether the two countries still need each other and whether this cooperation is indispensable for Europe to

integrate further. The Franco-German relations gain importance not only because of the current agenda of the EU, but also because of the historical reasons.

Though France and Germany are not the only ones among the member states that have threatened each others' territorial integrity in the past, they were to only ones whose destinies were interdependent to each other.

What makes the relation special is actually the role it plays within the context of the EU. The lack of agreement between France and Germany as it was the case from mid-1960s to mid-1980s, meant crisis for the whole union, exemplified in the collapse of the European Defence Community and the empty chair crisis. So the central role played by France and Germany have always been tolerated by the others for the sake of the Union. Even if the French and German perceptions about an issue at stake are opposite to each other, in the end for a decision to be made, they forge a common ground mostly with different reasons. This is the case for the European Monetary Union (EMU), the Common Foreign and Security Policy (CFSP) and the eastern enlargement.

On the other hand European integration is not purely about the relation between Paris and Berlin. The British role in the militarisation of the Union would be a sign of other states taking the lead. Under Blair, the UK has come closer to the Continent than ever before. Italy under the Berlusconi's government begins to speak much louder on the need for an aggressive European foreign policy and deregulation. Spain is demanding a seat at the EU's big boy's table.

Apart from the member states' emerging positions, the rejection of the French and the Dutch to the European Constitution has pushed the club towards a highly critical point. From now on the EU may overcome the crises or stay in silence. If the latter would be the case, then some form of co-operation among few member states would be the only chance available for those, who would like to integrate further. In the past such co-operations between France and Germany resulted in the participation of all, rather than disunity within the Union.

Thus no one can deny the previous capacity, enjoyed by the Franco-German alliance, on influencing European agenda. But no one can be sure of how much willingness and

ability remain to do it again. There will be a clash or a marriage between the federalist Germany and intergovernmentalist France. To put it plainly, the future of Europe will be shaped as time goes on, the examination of Franco-German relations would be helpful to predict at least the outcomes of the possible results.



## **2. Historical Background of Franco-German Relationship**

It is crucial to acknowledge from which phases the member states have passed in their way of forming the Union. Because the aim of this thesis is to examine the potential of the Franco-German alliance in shaping the Union, in this chapter the historical events that were more or less affected by the France and Germany and that effected this special relation, would be focused on. As in the case of the whole integration process, the alliance between France and Germany in its current form began to be shaped with the formation of the European Coal and Steel Community. It is highly difficult to bypass the Treaty of Rome in any study dealing with the European Union. Then the focus will be on the Elysee Treaty, which was a milestone in the Franco-German alliance and whose anniversary organizations still echo throughout the Continent. The refusal of the British application for the membership and the empty crisis would be dealt with, in order to analyse the decayed relations between France and Germany and its negative effects on the Union. The Single European Act, which was a good example of the effects made by the people in shaping the history, would be considered as a wake up call for the dormant alliance.

The fall of the Berlin Wall is certainly one of the most crucial events in the relations between France and Germany, because only after it, the balance in the bilateral relationship had shifted in a way that favoured Germany. The Treaty of Maastricht would be the next subject to deal with in order to see how powerful the alliance can become if a common ground was found among France and Germany.

A speech, given by previous German Foreign Minister Joschka Fischer at the Humboldt University in May 2000 got the predictable reaction from the rest for exceeding its borders about the final aim of the integration process (that is federal Europe) and the means (Franco-German alliance) to achieve it. Lastly the Nice Treaty, which provided legal framework after the enlargement, set a transitional voting formula till 2009 and modified the notion of 'enhanced cooperation', will be focused on.

## **2.1. Seeds of Integration**

Under the light of the failure of ratification for Constitution, the path of further integration may be shifting into the initiation of a few members, pioneered by France and Germany. Still such turn would not be a surprise either for the member States or for the rest of the world if one takes a brief look at the very beginning of the integration since the end of the Second World War.

The seeds of integration are initially laid in the chaotic atmosphere of the whole continent that was fed up with the fully destructive world wars, one of which may even be called the Franco-German war.

Indeed the end of the Second World War did not suddenly mean a peaceful Europe, waiting for the unification in all relevant fields. Almost four decades had to pass for the continent to be composed of ideologically independent and unified states, ready for cooperating with each other. Today's Europe has been built on the basis of day by day attempts of integration by the European leaders, whose priority was to prevent the continent from another war in those days.

What Keegan argues in his article named 'From Albert Speer to Jacques Delors' is the existence of two diverse perceptions on the European history. One is taking intergovernmentalism as the ideal and is started by the Resistance in the countries subordinated to German conquest during the Second World War. The other perception again considers the German conquest as the beginning of the European history but here the crucial point is not the end but the means of the conquest, or how the conquest was sustained (Urwin 1995: 44-51).

From the perception of the second understanding, the policy of Germany on occupied zones was to benefit the most especially on industrial matters and sacrifice the least on security matters. Logically Germany was able to adopt its policies to the occupied country at hand. Regarding the German policy towards France under occupation, the main aim of Franco-German Armistice Commission was to acquire the needs of the German industry without harming the French industry (Urwin 1995: 44-51).

Remarkably Albert Speer, the foremost of German wartime technocrats, realized that the future laid in cooperation rather than exploitation, therefore he announced the idea of the 'large economic area' to realize European common market, whose terms were agreed during the years of 1943-1944. However the anticipated rise in production due to the removal of trade barriers was restricted with the circumstances, shaped by operational costs. German Clearing Bank (Deutsche Verrechnungskasse) kept its power of fixing the exchange rate. The occupied countries were forced to pay the cost of their occupation by German troops out of their export earnings. The result of Speer's common market was the reverse of expectations at least for non-German Europeans, who seriously realized the necessity to set permanent limits to German desires when the war ended (Urwin 1995: 44-51).

After the end of the War, the idea of binding Germany to a supranational authority, at least in terms of wartime heavy industry as a start, encouraged France to accept its foreign minister Robert Schuman's proposal for creating European Coal and Steel Community (ECSC). It was on 9 May 1950, when the French foreign minister Robert Schuman presented his declaration. That's why 9 May is celebrated as 'Europe Day' ([http://europa.eu/abc/history/1945-1959/index\\_en.htm](http://europa.eu/abc/history/1945-1959/index_en.htm)). The writers of the plan; Monnet, the planning commissioner in France and Schuman, French Foreign Minister got the reputation of being the 'fathers of Europe'.

Jean Monnet was experienced enough to know how the German coal and steel cartels had disadvantaged France during the 1930s. Moreover after 1945 he discovered that French coal and steel cartels were to win tariff protection in order to regain their power in the new competitive environment. He initiated formation of the ECSC, which would not prohibit tariffs, price-fixing and subsidies but levy enforceable sanctions against encroachment to restore the wartime integration of German, French and Belgian coal and steel industries. The community was to bring disadvantaged competition to non-German members but on the other hand it would disable Germany from using extra-industrial means such as tax concessions. In the end the distribution rather than concentration of German power was the ultimate aim of the plan. (Urwin 1995: 44-51).

Schuman and Monnet tried to promote economic integration in order to attain a political objective, which was not explicitly announced. In the beginning of the post war period, the problem was maintaining peace and the solution was weakening the nation states through the progressive transfer of competences to a supranational body. Steel and coal, the main industrial resources of mass warfare, were the first ones that should be controlled (Andreani 1999).

Though the reason of such formation seemed that of coal shortage and that of oversupply of steel, the underlying reason goes well beyond the simple economic gains. For their part the Federal Republic of West Germany preferred to have ECSC instead of the International Ruhr Authority while the French justification was to bind the new West Germany, which was able to produce steel much cheaper than France could compete with. The supportive approach of West Germany's Chancellor Konrad Adenauer towards the plan is very understandable since it offered Germany a chance to reacquire equality and respect in international order and it was a means to regain sovereignty of coal and steel producing, France-controlled Saar region (Urwin 1995: 44-51).

For the first time in its history, European leaders of France, Germany, Italy, Nederland, Belgium and Luxembourg were convinced of the advantages that a kind of supranationalism might bring about (Urwin 1989: 90-105). That's why they signed the Treaty of Paris (1952), which would form the European Coal and Steel Community (ECSC).

Economically, the achievement of the Coal and Steel Community came early. Between 1952 and 1960 iron and steel production rose by 75% in the ECSC member states, and industrial production rose 58%. The overproduction of coal became a problem after 1959, especially in Belgium. The ECSC proved its flexibility by reducing Belgium's coal-producing capacity by 30% and by financing the training of the miners and developing new industries instead.

What sparked the passions of each European leader, especially the French ones to an extent that would lead full commitment to integration, were the memories of the wars of 1870, 1914 and 1939. Pond (1999) points out the words of the Belgian Foreign Minister,

Paul-Henri Spaak, Belgian Foreign Minister, to prove the worries of the Europe in her book called the Rebirth of Europe.

*‘...the most effective, and perhaps the only means to defend Germany from itself...European integration gives Germany a framework limit its expansion and creates a community of interests that gives it security, while securing us against certain probes and adventures.’*

Indeed while Schuman and Monet were proposing to pool and administer coal and steel resources in Western Europe, he addressed primarily on France and Germany. He convincingly stated that ‘if necessary, we shall go ahead with only two’. Paralleling with recent argument, he even then thought of Europe headed by two, followed by the willing ones among rest (Urwin 1995: 44-51).

## **2.2.The Treaty of Rome**

The Treaties of Rome, designed to form the European Economic Community (EEC) and European Atomic Energy Community (Euratom) were signed by France (under the signature of Christian Pineau), the Netherlands (by Joseph Luns), Belgium ( by Paul Henri Spaak) , Luxemburg (by Joseph Bech) , Italy ( by Antonio Segni) and the Federal Republic of Germany ( by Konrad Adenauer) on 25th March 1957. The Treaties came into force on the 1st January, 1958 following the ratification in the National Parliaments of the concerned states.

The Treaty that established the EURATOM tried to develop a strong nuclear collaboration. Its importance is usually undermined in comparison to the Treaty of the EEC and, in fact, when something is said about the Treaties of Rome, it is mainly referring to the one which established the EEC.

From its birth the EEC was built upon a series of institutions: the European Commission, the European Assembly, later known as the European Parliament, the Court of Justice and the Economic and Social Committee, whose competences were enlarged and modified with the diverse agreements and treaties that succeeded the Treaty of Rome.

In the preamble of the EEC Treaty the participant states were “determined to lay foundations of an ever closer union among the peoples of the Europe”. The political objective of progressive integration was initially structured under the terms of ‘common market’. Though it was predicted that, the transitional period for dismantling all tariff barriers among the signatories took 12 years, thanks to the economic success, all tariffs were eliminated in July 1968. In line with free trade among the EEC States a common tariff for the goods coming from third states, was introduced. Still to accomplish a genuine unified market, the concerned states had to wait till the Single European Act in 1987, which would provide not only free movements of goods but of people, capitals and services as well.

Each integrative step forward came up as a result of Franco-German compromise. In the case of the Rome Treaty, the vital deal was to give subsidies to French farmers and to open the European market to the German industrial goods; the second aim was to ensure the augmented votes of Belgium, the Netherlands and Luxembourg in so-called European Economic Community (EEC) decisions (Pond 1999: 28). Common Agricultural Policy (CAP) mainly envisaged a free market for agricultural goods inside the EEC and established protectionist measures against the third countries in order to guarantee the income of European farmers.

Some may argue that except the Treaty of Rome, which extended the economic domain of institutions set up by ECSC, nothing vital happened till Single European Act and the Exchange-Rate Mechanisms. Undoubtedly there was one treaty, namely the Treaty of Elysee that should not be skipped (Urwin 1995: 44-51).

### 2.3.The Elysee Treaty

The relationship between France and Germany during the 1960's was characterised by the reciprocal suspicion and mutual indispensability that were characteristics of the Cold War atmosphere. The most influential men of Europe, Adenauer as the Chancellor of Germany and de Gaulle as the President of the French Republic were fearful from each other for making secret agreements with Moscow for the sake of its own interests.

From the perception of Germany, France might deal with Russia to remove Soviet support to Algerian rebellion whereas in the eyes of Paris, Germany might agree with Moscow to cease pressure put on West Berlin. In the end neither Germany, who was willing to get legitimacy granted by France, nor France, who was willing to get the respect to its leadership granted by Germany disclaimed each other (Pond 1999: 29-30).

The French-German Treaty of Friendship, so-called the Elysee Treaty is the one that cannot be ignored in any study dealing with the relationship between France and Germany. It was exactly this treaty around which, a number of agreements was developed. Thus it was the year of 1963 during which the signals of closer relationship between Germany and France in comparison to the rest of European Union began to spread out. On 22nd January of 1963 Konrad Adenaur and General de Gaulle came together to sign the Treaty of Elysee which basically says that

*'Consult before any decision on all important questions of foreign policy and, in the first place, on questions of common interest, with a view to reaching as far as possible an analogous position.'*

Since then it was not speculative but almost compulsory, even backed by the concerned treaty for the two states to reach a mutually compatible position ahead of any EU meetings (Pond 1999: 30-31).

The importance of the treaty was obvious enough if one considers the visit of the entire Bundestag, Germany's lower house of parliament, to Versailles to celebrate the 40<sup>th</sup> anniversary of the treaty.

According to the treaty, regular meetings on which the heads of state, government and the ministers cooperate among their equals were arranged. The issues concerned during these meetings, would be the ones related to foreign affairs, defence, education and youth.

The only modification made to the treaty was on January 22, 1988 through two protocols, which declared to the creation of the Franco-German Defence and Security Council and the Franco-German Economic and Financial Council.

Even some may see the Elysee Treaty as a start for the whole idea of integration. What Chirac declared at the November 2001 Nantes summit was that when the Franco-German engine runed smoothly the EU could do the same as well, and vice versa. As a result of Schwerin Summit, dated 30 July 2002, France and Germany Joint Contributions on the European Security and Defence Policy and on Justice and Home Affairs to the Convention on the Future of Europe were submitted in accordance with the Elysee Treaty.

In the article written by Michele Alliot-Marie and Peter Struck, the statements of defence ministers of two countries were published in *The Economist* in its volume 366, dated back to 18<sup>th</sup> January 2003. Regarding the areas they were concerned with, they defined the Elysee Treaty as a milestone on the path of reconciliation and the Franco-German relations as the backbone of Europe's future.

It is striking that the French and German decision to sign such a treaty came just eight days after General de Gaulle's veto for the British bid to join the European Economic Community (Pond 1999: 30).

#### **2.4.The British Problem and the Enlargement of the EEC**

The refusal of Britain to participate in any political unification until the year 1973 was mainly based on the British unwillingness to loose its commercial, political and



imperial ties with the former colonies. Britain would have confirmed a free trade area in which internal tariffs had been abolished, if the competence to impose external ones had been left to the national governments. With this idea in its mind, Britain initiated the formation of an anticipated free trade area with Sweden, Switzerland, Norway, Denmark, Austria and Portugal under the name of European Free Trade Area (EFTA) (Pond 1999: 31-32).

The realization of the superiority of economic growth in the EEC in comparison to the States of America in the sixties encouraged the British to apply for accession to the EEC in August of 1961. After starting negotiations, the French leader, de Gaulle vetoed British entrance because he was willing to see the Europe as a superpower and was suspicious of the closeties of the UK with the United States of America.

In 1967, the second request of Britain to access to the EEC in the time of Harold Wilson, British Labour Prime Minister was refused once more. In spite of defending a strong Europe in the world politics, de Gaulle was always reluctant to see a politically unified Europe. In 1966 his nationalism brought about 'the Empty Chair Crisis', when he refused to participate any meetings of the Community therefore prevented any decision to be taken. After seven months the 'Luxembourg Compromise' almost satisfied de Gaulle's desires by ensuring the possibility to apply a voting method of unanimity in the Council's decision if one of member states' vital national interest was at stake (Pond 1999: 31).

De Gaulle's rejection of the British entry into the common market caused a stumble in the Franco-German relations for fifteen years till Social Democratic Chancellor Helmut Schmidt and conservative French President Giscard d'Estaing replaced Adenauer and de Gaulle respectively. It was the leading group from Adenauer's Christian Democratic Union, who disliked de Gaulle's anti-American reading of the French-German Treaty. In the ratification process they had even unilaterally included 'a close partnership between Europe and the United States of America, completion of unification of Europe with the inclusion of the UK' in the preamble of the Treaty. German preference for Atlanticism was put into words by de Gaulle three years after the signing of the Treaty, when he said as follows;

*'It is not our fault if the ties with Washington that Bonn preferred and constantly robbed this German-French Treaty of its spirit and substance'*  
(Pond 1999: 30- 32).

The way for British to access was opened up after the resignation of De Gaulle. Britain succeeded in becoming a member of the EEC in 1972. With the entrance of Ireland and Denmark the Europe of Nine was born (Pond 1999: 31).

The decade of 1970s brought about concrete developments in the way of integration, which were positive and timely-oriented but neither unthinkable nor highly-political. EEC members, so called the EC members since 1967, gradually sacrificed their national competences in increasing number of the issues regarding trade. The numbers of member states expand to fifteen at the end of next decade. In the meantime the Commission got its own budget, set up regional funds and European Council began its regular meetings.

In the year of 1977 economically unified the Europe was almost completed by the removal of remaining tariffs.

On the other hand within the same decade the only attempt made to expand integration beyond economics, failed and the notion of 'European Political Cooperation', targeting harmonization in high-politics, was accused of remaining as a forum that produced nothing but talks (Pond 1999: 31).

## **2.5. The Revival of the Alliance in the 1970s, the Schengen Agreement and the SEA**

In the 1980s the Franco-German alliance shook itself out of its lethargy with the help of energy granted by the Schengen Agreement and the Single European Act. Stagnation in French-German relations ended when they declared readiness to create a border-free zone on their common frontiers. As a result of the pressure from Benelux countries for getting access to the zone, the Schengen Agreement was signed between five states in the year of 1985. It was partly caused by the new leaders in France and in Germany, namely the French

president Francois Mitterrand and the German chancellor Helmut Kohl. In spite of differences in their personalities and in their political standings, they shared common memories of the tragedy of the World Wars. Unsurprisingly Kohl did not develop the same bond with Mitterrand successor, Jacques Chirac, despite their common conservative standings in the political spectrum (Pond 1999: 37-38).

The real boost designed to change the nature of the Community came in the mid 1980s. The aim was to establish a real European single market, to be able to regain competitiveness that was lost to the US and Japan long before. Such aim seemed to suit German desires, British implicit intentions and incoming French president of the EC, Jacques Delor. The Federal Republic of Germany, exporting a third of its GDP craved for expanded markets, which was only possible with the erosion of non-tariff barriers among EC members. On the other hand British satisfaction was based on the fact that the more energy EC spends on economic issues, the less time it would have for political matters.

The commitment to achieve a single internal market was explicitly announced in December 1985 with the signature of the Single European Act (SEA). The year of 1992 was assigned as the targeting date for the complementation of the single market, after adaptation of 282 pieces of detailed harmonized legislation in all member states' parliaments (Pond 1999: 31-37).

It was the first modification of founding treaties of European Communities, namely the Treaty of Paris in 1951 and the Treaties of Rome in 1957. Jacques Delor, the president of the Commission summarised the objectives of the Single European Act as follows;

*"The Single Act means, in a few words, the commitment of implementing simultaneously the great market without frontiers, more economic and social cohesion, an European research and technology policy, the strengthening of the European Monetary System, the beginning of an European social area and significant actions in environment"* (Pond 1999: 31-37).

SEA may be convinced not revolutionary in the sense that its' target had already been set out in the Treaty of Rome, on the other hand its revolutionary stance was ensured by the fact that it proposed a shift in the existing balance of power in favour of the Community institutions. Thus the ultimate end remained the same but the means of it was altered radically. Though the common currency was not a revolutionary idea, it was the SEA that intensified the debate. EC currency was planned to be final step towards the completion of pure common market (Pond 1999: 42).

Not remaining purely as an agreement on economic coordination, SEA marked a turning point in the Union's history through the references made to the new policy objectives, the new forms of decision-making and legislative processes within the EC, extending the domain of integration to include foreign policy, and the issues concerning defence and security (Urwin 1995: 231).

The most crucial institutional reform introduced was the extension of the qualified majority voting in the Council decisions unless voting was on the accession of the new applicants or the matter at hand was about acceptance of the general principles of any new policy. On the other hand democratic deficit was not totally erased by the SEA.

The SEA gave competence to European Parliament only for rejecting or modifying of a Council' proposal. Still the rejection of the European Parliament could be overridden by a unanimously acting Council (Urwin 1995:231).

Socialist Delor did not allow the rest to undermine the social dimension of integration, and in the SEA the Social Charter was adopted in order to guarantee minimum standards for European workers. Unsurprisingly the British Prime Minister, Margaret Thatcher, who appreciated a minimum state intervention in social welfare, criticized the Charter for undermining the competitiveness of the European market by increasing the cost of labour.

Though the Single European Act is the most important event of mid-1980s for the European Continent, the importance of the fall of the Berlin Wall is not less, since it refers to the end of a phase and the beginning of a new one, not only for the Europeans but for the whole world.

## **2.6. Fall of the Berlin Wall**

The year of 1945 marked the end of a devastating Second World War and the beginning of a new area, which demanded, or with more proper saying, required changes that would encompass each segment of life, from high politics to individuality. After the War, the Europeans were not left alone to determine their own future. The vacuum, created by disintegration of the Nazi hegemony was to be fulfilled by the United States of America and the Soviet Union, who had been struggled against Hitler and therefore claimed a right in the fate of Europe. An already expired Continent would be used as the battleground for the crash between two superpowers, in which there was no hot fighting but still a war, mainly a frozen one.

Almost at the same time of the first achievements of European integration, the continent was shocked with a new crisis of the Cold War, which would end up with the construction of a wall, dividing the city of Berlin. When nose to nose confrontation between American and Soviet tanks at Checkpoint Charlie did fortunately not give birth to another war, the city of Berlin remained artificially divided for the rest of the Cold War.

Therefore the symbol of the collapse of communism in Central and Eastern Europe was the fall of the Berlin Wall, brought about chances as well as challenges to the European integration. The effect of the reunification of Germany in October 1990 inevitably influenced the EEC directly, because one of its founding members was empowered with its 80 million inhabitants, and acquired 30 % of the GNP of the EEC.

After being divided for twenty-eight years, the city of Berlin became a historical metaphor that signalled the very soon coming end of the Cold War with the fall of Berlin Wall on 9<sup>th</sup> November 1989. Unsurprisingly neither Mitterrand nor Thatcher died for German unification, for which Chancellor Kohl was preaching.

Kohl was wise enough to see close interconnection between the unification of Germany and the integration of Europe. As a young man in wartime he embraced to bind Germany into European institutions in such a way that could not be dismantled easily. His

aspirations were shared by some Germans, who discredited Hitler's totalitarianism and who had already acquired economic gains from the integration (Pond 1999: 40-44).

Mitterrand made a formal visit to collapsing East Germany on December 1990. The common understanding of the visit's aim was to prop up the East Germany in order to slow down the process of the German unification. Indeed in France the anxiety of loss of influence was very understandable, because the sudden unification of Germany meant the end of the Cold War without the French influence (Holm 2004: 470).

The worries of France were very appraisable since the more power Germany would gain; the less prestige France could keep in the eyes of Europeans. Bonn would no more need France for promoting legitimacy in foreign policy. So the history would experience a strange change, when the German recovery exceeded expectations and when Mitterrand's idea to integrate Germany as a means of containment became useless, it would be France who would stand against its own means. The response of Germany was to relax other European leaders. The famous slogan was announced loudly by the Chancellor Kohl, 'a European Germany' not 'a German Europe' (Tiersky 1992: 131-147). Just after the German unification there were rightful question marks in the minds of many European leaders about a possibility for an authoritarian German zone in Europe. Meanwhile Germany regained its strength but this time within the context of the EU.

Unavoidable German pattern toward the establishment of the German zone of influence was no more something to be worried about; however France tried to play a significant role in balancing Germany for the sake of the other European Union members, especially for relatively weak ones (Tiersky 1992: 131-147).

Unless the project of reactivating the single market by 1992 had removed inactivity of last two decades, it is doubtful whether or not non-renewed EC institutions could have absorbed unified Germany within the post-war context of disorientation and suspicion. As an outcome of SEA, the newly establishing European Central Bank (ECB) genuinely provided a voice to Mitterrand in the decision-making process, which was totally left to the hands of Bundesbank as a measure to tame the inflation seven years ago.

## 2.7.The Treaty of Maastricht

The strength of a united Germany and the boost it gave to the European process were felt just after Maastricht on 9-10 December 1991 (Tiersky 1992: 131-147). The Treaty came into force on 7 February 1992. Formulating integration under the three pillar structure, the Maastricht Agreement announced the name of the 'European Union', encompassing almost the completed internal market of the European Community, and the two newly emerging policies on the matters of the foreign, security; and justice and home affairs.

Each agreement made throughout the history of the European Union, came as a result of concessions made whether by France or Germany. Regarding Maastricht, both had to give some concessions, which were a few more for the German part. France took the lead in the fight against extra 18 new parliamentary seats for a unified Germany and an empowerment of the European Parliament, whereas the Germans made concessions to everyone in order to get legitimization for their unification. To realise full economic and monetary union both had to sacrifice some of their national sovereignty (Tiersky 1992: 131-147).

Kohl announced the success of the Treaty at home only after getting guarantee for the independence of the future of European Central Bank (ECB) and for the zero inflation. Strict policies of Bundesbank seemed to be followed by successive ECB. The vice president of Bundesbank and the state secretary in German Finance Ministry, Jürgen Stark clarified that

*'We as Germans have something to loose. For the first time in history a good currency is being given up'* (Pond 1999: 40-44).

Therefore what he asked for was the firm measures to ensure the same credibility and value for the common currency. The unique characteristic of the system, which is a centralized monetary policy without common fiscal and economic policies, inevitably requires close cooperation among the member states (Pond 1999: 40-44).

The only sine qua non for Germany, the independence of ECB from political influence and its location in the same city of Bundesbank empowered the hand of Kohl against domestic opponents and remained as a carrot in the bargainings till last minute compromises. The name of the new currency was supposed to be something else than the old ecu, which was connected with the bureaucratic basket currency in the minds of the Europeans.

To satisfy German desires to promote a common currency as valuable as the Deutsche mark, the four criteria were accepted for a member to be qualified as a participant of Euro-zone. Firstly the inflation should not be higher than 1.5% above the average of the EC's top three performers, secondly long-term interest rates should not exceed more than 2% above the average of top three performers, thirdly budget deficit should not be higher than 3% of GDP, and lastly public debt should remain 60 % of GDP at worst (Pond 1999: 40-44).

Kohl faced a strong domestic accusation from deutsche mark patriots for discrediting the value of mark. Actually Kohl did not much bother with the popular unrest, whose ideas remained inferior to him in the comparison to those of Bundesbank's craft and the German political classes. The first groupings' importance was based on the fact that the more belief they kept in the faith of common currency, the more persuasive they could be towards the little-saving banks, which were the real providers of the deposits. It was not only Kohl, who faced a strong opposition coming from masses. In France the opponents argued that the half-done work of Hitler, dominating Europe, would be accomplished with the help of non-Germans. Even among the French government itself, some regarded the agreement for being much more binding on France than on Germany, as it should have supposed to be (Pond 1999: 40-44).

The reason for France to support the monetary union was a paradoxical one in the sense that the French was thinking to regain some control over their own monetary policy, which had been obliged by financial market to follow German Bundesbank decisions on German rates. Single currency would give the French at least a voice in decisions concerning common interest rates (Tiersky 1992: 131-147).



The years of 1992 and 1993 became a slap on the faces of pan-European leaders'. The results for all economies were unexpectedly reverse, let alone the maintenance of status quo. The economy fell into a decline of 1.1% for Germany, 0.3% for the Continent. The rise of unemployment reaching 10.5% was enough to intensify already existed unrest of masses, especially in France. Besides the loss of confidence in EMU, the anticipated reforms for readjusting institutions for new comers were postponed. Only Kohl kept his faith in the realization of the ambitious project at least two years later than the schedule (Pond 1999: 40-44).

Considering the budgetary issues each member state understandably was trying to dictate its own interests without appreciating the possible loss of the others. France and Germany resisted any further deal on farm subsidies; Spain, Portugal, Greece and Ireland, qualified for new cohesion funds, were reluctant to readjust their budget in the face of enlargement. Germany began to complain about its burden of finance to remedy the East part of the country (Pond 1999: 50-55).

Besides the attempts of fastening smoothness of transformation in the new Central European democracies, the EC displayed in June 1993 Copenhagen Summit 'Europe Agreements' with the Central Europeans. However the commitment of the EC for the gradual opening its markets to the East remained loose due to the lobbying effect of the EC industries. The eagerness granted into German steel industry prevented a possible boost in the concerned goods importation to the Central and Eastern Europe. The relation between France and Germany began to crumble on the issue of trade. Germans felt obliged to satisfy French desires to protect its own domestic goods (Pond 1999: 50-55).

Though the German demand for further deepening and widening was not totally satisfied, Bonn still declared its victory at least in effecting foreign policy of the Community. On contrary to Mitterrand's traditional inactivity towards the Yugoslav civil war, Kohl pressured the European Community to recognize the self-declared independence of Slovenia and Croatia. *Der Spiegel*, the German famous newspaper, wrote that 'It was the

first time since 1949 that Bonn has taken a unilateral action in the foreign policy' (Tiersky 1992: 131-147). France and Britain, uncomfortably watching German activism in near abroad, had to display their cooperation with Germany on the issues of Central Europe for the sake of any compromise on other dealings at Maastricht (Pond 1999: p: 44). What encouraged Germany to intervene into the chaotic atmosphere of Croatian and Bosnian territories was the historical consciousness. Indeed France and the UK realized how meaningless their fear of German energy was, as German armed forces charged with the peacekeeping mission, failed to cope with the unrest in its neighbouring territories. The German military activism implicitly effected the Franco-German relations in a negative way. Only after the participation of NATO-led bombing of Kosovo in 1999, which proved the normalization of foreign policy, Germany began to ask for more influence within the EU. Since then Germany explicitly showed its reluctance to sacrifice its national interests for the sake of Franco-German alliance.

## **2.8. Humboldt Speech**

Concerning the weight of Franco-German relations over any recent EU matter, there was a one unique speech that should be taken as a reference for any study dealt with the perspectives of Franco-German politicians. This is the one, given by Joscha Fischer, Foreign Minister of Germany at the Humboldt University in Berlin on 12 May 2000. He said that

*'From its start the core of the concept of Europe was and still is as a rejection of the European balance of power principle and the hegemonic ambitions of the individual states'.*

For him, the only way out seemed to be the transfer of nation-state sovereignty rights to the the supranational European institutions. Having such ideals on their minds, the European leaders gave a start for an economic cooperation, which was for sure to be backed and deepened by integration in all possible fields, especially among the two most hostile

countries, France and Germany. As it was expected, since then the two nations had unbreakable ties that could not be destroyed even if the European continent had experienced another war. Again during famous Fischer's speech he declared that

*'...this latest stage of the European Union, namely eastern enlargement and the completion of political integration would depend decisively on France and Germany.'*

Though Machiavelli's thinking may justify any u-turns of leaders' clear commitments, Fischer honestly claimed in the year of 2000 that at least till the final aim- which was federal Europe- was achieved, the alliance of Franco-German interests would be serving as the first and the only indispensable requirement. The solution in his mind was the transition from a union of states into the full parliamentarisation as a European Federation, based on a constituent treaty. He furthered his claims by offering a kind of avant-garde route, to be followed by the rest in a period of time.

In order to refute any misunderstandings, he exemplified Economic and Monetary Union and Schengen Agreement, which were initially formed by the few and were still open to voluntary participation of the rest. In the interim process on the road to completing political integration, co-operated states may form a centre of gravity with the aim of concluding a new European framework treaty as the nucleus of a constitution for the federation (Paterson 2000).

At that time he denied the impossibility of forming the centre of gravity, and for him the voluntary states within or outside the existing treaties would inevitably succeed in their aims. Nevertheless he accepted that unless all the member states were ready to devote their sovereignty, none of the alternative paths was enough to reach the ultimate aim, which was the completion of integration in a European Federation.

Inevitably Fischer's ideas attracted a number of criticisms especially from those that would not be the part of a so-called 'avant-garde' group of countries (Paterson 2000).

More precisely Eastern European countries, especially Poland, waiting for membership in those days, opposed Fischer's idea of two-speed Europe as a temporary solution and his idea of fully federated Europe as the ultimate aim. One of Poland's senior government advisers, Adam Michnik, expressed his idea with a few but very clear words:

*'I want to remain a citizen of an independent Poland until I die.'* (Paterson 2000).

Besides the national sovereignty issue, Fischer exceeded his aim about further integration through avant-garde group and that's why his speech caused a reverse effect in the mind of those excluded from such group. It was regarded as an attempt to create new dividing lines in Europe by Polish President Aleksander Kwasniewski. Eastern European countries' reactions were also shared by Britain, Spain and Denmark (Paterson 2000). The people were not totally wrong to target Fischer rather than the German government because it was not a kind of speech based on the domestic politics of Germany. Even German Chancellor Gerhard Schroeder was only informed about the outline of the speech. He later defined it as 'too far-reaching'.

Fischer was accused of being the most Europhile politician in the German government and it was claimed that he lost the respect he had among the staff of the foreign ministry. What spoken in the ministry is that Fischer hated to read his briefs, preferring his intelligence and failed to discuss the policies with his staff. The shortening of his budget and the size of his staff were regarded as the obvious clues about the dislike of him within the German authorities. Even his Green Party lessened its support for him and the opinion polls clarified seven percentage points fall in his popularity only one week after the speech. France as the indispensable ally of Germany reacted the speech and Chirac claimed that he knew nothing about it beforehand (Paterson 2000).

## **2.9.The Treaty of Nice**

The Treaty of Nice was signed on 26 February 2001 and entered into force on 1 February 2003. The objective of the treaty was to gear the working of the European institutions before the enlargement. It limited the size and composition of the Commission, extended the qualified majority voting, rearranged the weighting of votes within the Council and made the strengthen cooperation agreement more flexible. During the years of the Nice Treaty that is till 2009, the Commission would be composed of one commissioner from one member state. However the treaty was not supposed to last for forever and the coming Constitution was to replace it. Indeed it did not offer a definitive way to institutional problems and to the question of the distribution of power (Buster 2004).

A transitional formula, lasting till 2009 and ensuring a parity vote for the four big member states (Germany, France, Great Britain and Italy) was adopted in Nice. It granted an exceptional power of veto to Spain and Poland and significant concessions to the rest of the small member states. France's equal political role with Germany was recognized, as was the role of the Franco-German axis as the community's motor force. Great Britain preferred to exclude itself from the Euro-zone, at least till a coming referendum, promised by Blair. If the British opt for participation, it would be able to join the Franco-German axis, and meanwhile it could collaborate in the development of a European power, especially in the areas of foreign policy and common defence. Spain and Poland achieved to obtain the veto power in Nice, which guaranteed the unanimity for approval of the community budget for 2007-2013. This meant the continuity of the European structural aid, of which they were the present and future beneficiaries (Buster 2004).

The last and the most important article concerning the voting system is the procedure that allows a shift from unanimity principle to qualified majority but only if the Council agrees on such shift unanimously. The so-called 'passerelle clause' enables the cooperated members to apply the ordinary legislative procedures instead of the special procedures due to the nature of mechanism.

### **2.9.1. French and German Perceptions on the Treaty of Nice**

Though the underlying reason behind any resistance of the member state was obvious and justifiable-that was to keep their national sovereignty as far as possible-, still the peculiarities of each played a crucial role in understanding why at least a common ground could not be found. Such understanding would also help to get a clear picture on which interests shared by France and Germany and clashed by the rest.

What was argued in an article, published in *The Economist* in its 358th volume, was that French Foreign Ministry under the head of Hubert Vedrine, which followed the national traditional opposition to any further enlargement, did its best to bloc the German-inspired initiative to accept ten new members at once. But it was accepted in the end. Still the Nice Treaty was appreciated by the French Foreign Ministry for redistributing voting powers, restricting vetoes, reforming the Commission and allowing closer cooperation for those willing members.

This pragmatism that rested in French attitude towards the results of Nice, was not shared by the Germans, who would liked to have gone further than what had been achieved for the sake of the constitution. The German insistence on a supranational EU, created a spontaneous resistance from France.

Germany which was regarded as the ‘first among the equals’ having one third of the entire Euro-zone’s GDP, still could not dare to go alone, since it may easily anger the anti-German coalition within European continent.

One of the most obvious words explaining French discomfort about giant Germany were said by Chirac at the Nice Summit. Though a few months before the Nice Summit, Chirac claimed they would welcome the return of Germany as the great power, and then at Nice they rejected German proposal for a reform of the voting system. They explicitly declared that after two world wars France preferred reconciliation but only ‘on the basis of absolute parity’.

So the history created another irony, France under Mitterrand embraced to contain Germany by binding it into an integrated Europe, whereas France under Chirac could not hide its fears of being submerged by Germany.

The formation of a ‘vanguard of countries’ was not so unrealistic. France, Germany and the UK were seemed to have shifted their endeavours to realize the notion of ‘enhanced co-operation’, which was modified at the Nice Summit. Understanding the notion of “enhanced cooperation” institutionalized in the Treaty of Nice is vital because it promoted the legal base for a union within the Union.

### **2.9.2. Enhanced Cooperation if not a Constitution**

European politics may be the art of the possible, not the ideal. The notion of enhanced cooperation is more likely to be perceived as the possible not the ideal in terms of European integration. The provisions on it were adopted in the Treaty of Nice. It is closely connected with the future of Europe, since it allows a way of forming an avant-garde group on a formal basis. If the future of Europe was to be locked with the entrance of 10 new member states, the enhanced cooperation would at least promote a solution for this stalemate.

The provisions on enhanced co-operation allow the voluntary members to cooperate closer on the matters of EC Treaty, police and judicial cooperation, and Common Foreign and Security but if it remains the only option as a ‘last resort’ according to the Council acting by qualified majority (Barbier 2004).

Still for the matters related with the common foreign and security, including military implications and defence, the notion of closer cooperation would not be applicable. Apart from those restrictions, cooperated states may take a common position and implement a common action (Barbier 2004).

In any case, only the member states participating in enhanced cooperation have their representatives in the Council, while they are taking a decision on the concerned matter.

However participation of any member state would be welcomed if it is voluntary to fulfil the required criteria.

The extra expenditure resulting from administration of enhanced cooperation would belong to the participants, whereas the implementation cost may be paid by the EU budget if the parliament gives its consent.

Lastly the Parliament's assent is a requisite for the matters falling under the EC Treaty and enhanced cooperation is only applicable if the procedure of co-decision is applied, whereas being consulted for the matters of third pillar and being informed for the second one would be enough for the European Parliament. The last say about consistency for the cooperated matters at hand would belong to the Council and the Commission (Barbier 2004).

The notion of enhanced cooperation found a place for itself in the European Constitution as well. What was announced in the constitution Treaty in terms of defence was the adaptation of enhanced cooperation mechanism under the title V named 'Exercise of Union competence'. It required the participation of at least one third of member states- open to increase after the enlargement- for the mechanism to be applied. Any request with clear scope and objectives, if not within the scope of exclusive Union competences, would be formulated as a proposal by the Commission to be submitted to the Council. The final authorization had to get Parliament as well as Council approval. Any late comer must get notification of the Council and the Commission for its participation into already existing enhanced cooperation on the matter at stake.

The mechanism required for adaptation of enhanced cooperation in the fields of the Common Foreign and Security Policy differs from the rest. What the procedure required instead is to address first to the Council, which would take the view of the Minister of Foreign Affairs about the consistency of the enhanced cooperation with the CFSP, and to the Commission, which would examine the consistency of the concerned mechanism with other Union policies. Both the parliament' and the Commission's role are relatively



undermined since it is the only the decision of the Council of Minister, that forms the final authorisation.

Besides the procedures required for adaptation of enhanced cooperation in security issues, three ways of implementation is regulated for the implementation. Firstly the constructive abstention, that is not to let unwilling member states to veto implementation of a crisis management mission. By acting unanimously the Council may give willing members responsibility to launch a mission whereas the reluctant ones would be excluded from the day-to-day operational decisions. However they all would attend decision-making process if the decision is likely to produce vital political changes or change the essence of the operation (Barbier 2004). It is striking to see why such a trend, which is likely to lead a kind of division within the Union, has been considered as the only alternative way available.

It is for sure that realisation of difficulties on the way of finding common grounds or stepping back from what has already agreed on, i.e. the rejection of Irish public in the first referendum for the Nice Treaty in June 2001, strengthened the hands of those, who were in favour of a group of countries taking the lead. To what extent would the leaders be in accord with this idea is not something questionable since some of them consciously made clear announcements even in the year of 2000. In the speech given by the French president Jacques Chirac before the Bundestag, the enhanced co-operation was appreciated if the co-operated group would 'show the way, basing itself on the new enhanced co-operation procedure set out at the (Nice) IGC, and engaging in non-treaty co-operation where necessary, but without ever calling into question the consistency and *acquis* of the Union (Barbier 2004).

When the point comes to the issue of formation of an avant-garde group, the draft constitution explicitly encouraged the member states with higher-level military capabilities to collaborate more closely on the most demanding tasks. Even more the adaptation of mutual defence clause alike NATO' Article 5 was very supportive for the members, that were ready for faster integration than the rest. The French president also supported the adaptation of a constitution only among the vanguard group of countries but if it remained the only solution available (Barbier 2004). Obviously the indispensability of the enhanced

co-operation would sooner or later be realised by all. But the matter is whether or not this tool would lead to a differentiation that is unlikely to be erased or would lead to the creation of a 'European a la carte'. Many believe that apart from the matters concerning single currency, the policies on defence, police and judicial co-operation, the method of cooperation does not seem to offer much in reality.

### **3. The Possible Effects of Franco-German Alliance to the EU**

Besides the official procedures, that are likely to lead to division within the EU, unwritten facts should be analysed in order to see what advantages and disadvantages can be brought by the revival of the Franco-German alliance. No matter how reluctantly or willingly the Franco-German alliance has taken the lead throughout the history of European integration, there are both positive and negative effects if they are still empowered to do so in the future.

#### **3.1. Negative effects of Franco-German Alliance**

The European Union was initially formed on the basis of integration among whole member states rather than cooperation among the few. If there had been the remaining ones, which were not qualified to join the special arrangement of the few, then the whole logic behind the foundation of the Club would have failed.

A group of young French and German diplomats and journalists, published 'France et Allemagne: le leadership se macrite' in order to lessen the possible threats Franco-German alliance would cause. In terms of defence their offer was to let deeper integration but only within the framework of the EU and such arrangement should be open to all EU members. They endorsed that many countries have joined the EU without appreciating the political significance of joining.

This error should not allow any late comer member-states to deny the political endpoint of European construction. Keeping this fact in their minds, they warned that France and Germany under the pressure of public opinion would defend their interests more brutally and reluctantly, and they would find some solutions outside the EU Treaties.

If some countries could not catch the speed of deeper integration and drop away from Franco-German lead developments, integration outside existing treaties would remain the only way available to France and Germany. In the end it would mean the end of unity and the creation of unity within the union.

As it was argued in *The Economist* dating 25<sup>th</sup> October 2003, one of the closest advisers of Schroeder said in a private briefing that early stages of European defence co-operation looked like the early stages of the creation of a monetary union. But he warned that this time the creation would not take 30 years.

On the international area the danger of the France and German relationship created, was reacted by the rest, who felt uncomfortable about Franco-German effort to speak in the name of whole EU. This was the case when the Iraqi war started. Further attempt of France and Germany to create a military identity separate from the NATO was disliked by the other EU states, who felt that such formation would undermine NATO.

### **3.2. Positive Effects of Franco-German Alliance**

Regarding the recent developments between France and Germany and the effects of the Franco-German cooperation in furthering the integration, the main points would be joint constitutional proposal at the convention on Europe's future, their opposition towards American led war on Iraq and their joint plans to set up a European defence headquarters separate from NATO. Eastern enlargement was not the easiest issue to solve on the common ground between France and Germany. Still they managed to do so.

Despite of personal differences of their leaders and changing geopolitical environment of enlarged Europe, France and Germany kept launching a number of common initiatives which were still considered by both as the best response to the continuous challenges.

On the side of the other European countries the bilateral consensus of France and Germany was also something that made their work easier since any compromise among the most powerful countries standing on the two extremes of the spectrum would almost certainly be backed by the rest. That's why many countries would need the Franco-German initiatives more than before at least for the very first years of enlargement.

The advantages of any agreement between France and Germany may bring to EU is very understandable since the two of them together carry most of the contrasting characteristics of the other EU countries: North/South, industrial/agricultural, Protestant/Catholic. So if the two find a common ground, it is generally acceptable to all (Tiersky 1992: 131-147).

Even if the French and German perceptions towards a vital issue were opposing each other, they found a common ground in the end mostly with different reasons, and their solution was accepted by the rest. This is the case for the European Monetary Union (EMU), the Common Foreign and Security Policy (CFSP) and the eastern enlargement. While supporting the idea of EMU, the French intention was to minimise the role played by the Commission, whereas the German aim was to stay in control of the process, which would end up with the abolition of the famous prestigious Deutschmark. In terms of CFSP, it was France in this time opting for intergovernmentalism. Germany spent its effort to keep its traditional preference for close relations with Washington. The close relationship between the German Chancellor Kohl and the French President Mitterrand was enough to undermine the national considerations at Maastricht, however Chirac's election in France led the British to play a constructive role with the French on the issue during the negotiations over the EU's Rapid Reaction Force.

To be convinced of the extent to which any coordination between France and Germany may effect the whole union, one should know how deepened their relation became in the near past and when they stagnated to do so.

## **4. The influence of Franco-German Alliance at present**

### **4.1. The effects of the Franco-German Alliance**

There are two questions that need to be answered in order to understand the influence of the Franco-German alliance within the EU. After getting clear picture on who is leading the alliance, the next step will be the analysis on how powerful this alliance is within the EU.

First of inner power relations within this special alliance deserve a focus. Since the fall of Berlin Wall, the balance of power within the Franco-German allinces has shifted in a way that favoured Germany. The radical change of the political spectrum throughout the whole Continent came even without the control of France.

So France began to feel anxious for the loss of influence. Until 1989 French position was superior than German. France was independent and sovereign. After the sudden unification of Germany, France had nothing unique to offer with regard to the construction of the EU (Holm 2004: 473).

Who was leading the club was much clearer in the late 1980s and early 1990s. The Commission headed by Jacques Delor was able to set the agenda. The Single European Act of 1985 and the Maastricht Treaty of 1991 were adopted with the help of Delors' strength in the Commission. At those days if a Commission's plan was backed by Chancellor Kohl and President Mitterrand, it could easily be adopted by the rest. During the presidency of Jacques Santer and Romano Prodi the Commission as well as the Franco-German alliance lost its momentum. No significant Franco-German initiative appeared since Chirac got the power (Grant 2003).

Still Jacques Chirac declared in an interview with the *Le Figaro* newspaper on the 40<sup>th</sup> anniversary of the treaty that France and Germany had to be the driving force for Europe. In the same interview he defined the declaration of an EU constitution, a successful enlargement, the establishment of a common security and strengthening the area of

progress, freedom, security and justice as the common objectives of Germany and France within the framework of European Union.

Chirac proved how he was true to his words in the speech made during 2002 campaign by appointing two politicians, namely Jean-Pierre Raffarin as the prime minister and Dominique de Villepin as the foreign minister, with whom Schroeder and Fischer would work.

Any improvement in the relations between France and Germany does not automatically give them the power to do whatever they want. Even Fischer, who was one of the most passionate supporters of the Franco-German alliance, made a u-turn and admitted the non-validity of it. What he offered instead was still a constitution but the one, signed by the all member state.

Since the leaders words do not always reflect what they have in their minds and since the most obvious characteristic of a leader is to make u-turn if the circumstances require so, one should still question the future of Europe whether a loose union of equal members or a tight but incomplete one, composed of the two and leaving the rest behind. The questions remain crucially about whether or not the Franco-German alliance would remain the backbone for the future of Europe, which would then be shaped on the basis of their peculiar preference-federalism- and secondly whether or not the inner and external conjuncture would allow such transformation even if the Franco-German alliance keeps its strength.

Though the special relation build by Schroeder and Chirac was fragile and not immune to take political risks, it continued at least because a new partner such as Poland did not join in or because the leading function of it did not become useless.

## **4.2. Reasons of failures to build a strong Franco-German Alliance**

### **4.2.1. Personalities of the Leaders**

Mainly what is given as one of the reason lying behind failures of building Franco-German cooperation is the lack of chemistry between the political actors of the both sides, each of whom views the other as a reckless opportunist. After the replacement of Mitterrand with Chirac in 1995 and of Kohl with Schroeder in 1998, the Franco-German alliance, which had dominated the EU, had lost its influence. While Chirac was sceptical on the merits of closer cooperation with Germany, Chancellor Schroeder made his preference more on Tony Blair in establishing closer relations. Though Joschka Fischer, previous foreign minister of Germany, initially seemed to be enthusiastic about France, he then changed his point of view as the circumstances required so.

Though their compromises on the constitutional issues gave some hope for the revival of their mutual power, the personal chemistry of governors remained opposite to each other. The replacement of Schroeder with Merkel did not bring about a return for the happy days of alliance. Her pragmatism even exceeds that of Schroeder's. She probably preferred to have close ties with number of countries including Britain rather than be monogamously wed to France. It is partly Britain that has pushed Germany back into bed with France. Still Britain, unlikely to join Euro in the near future is inevitably considered as an untrustworthy ally for Germany (Grant 2003).

### **4.2.2. Structural reasons for the failure to build strong alliance**

What is argued in *The Economist* dated 04.10.2004 is that there are two reasons that weakened the power of the Franco-German alliance. One is that Franco-German relations go well only because both work so hard at it. The partnership is the result of will and effort rather than natural instinct. French public prefers to go to Britain to find a job or to study. As long as French and German interests coincide as they did over Iraq for example, the



alliance is easily formed. Second weakness is due to the size of EU, which is enlarged from 6 to 25.

The real reason for the lost of Franco-German influence in Europe is structural. Unified Germany was reluctant to carry out France's bidding because of guilt about its past. Germany wanted more say in the enlarged European Union. On the other hand France began to feel insecure about inclusion of Eastern European states, the decline of French language inside the EU and a more self-confident Germany.

In the enlarged EU, political system became more flexible in the sense that specific policy areas such as economic reform, foreign policy, are driven by coalition of the willing and able rather than by the Franco-German alliance. It is still doubtful whether or not informal coalitions can work without the involvement of France. In spite of the institutionalization of the Franco-German relationship, the French decision making process has often been paralysed because of the lack of agreement between the socialist government and the rightist president since 1997. The more EU enlarged the fewer roles France would have.

That's why France considers the enlargement as a threat to its national stance in the world. France fears that new members are mostly Anglophone, Atlanticist, advocates of free trade and opponents to agricultural subsidies. It is for sure that the new members are reluctant to support French positions on the budget, external policy and cultural exceptionalism (Grobbe and Munchau 2002).

#### **4.2.3. Domestic reasons for the failure to build strong alliance**

The reason given by Thomas Klau, the stagnation of Franco-German initiatives on the EU's reforms from June 1997 to May 2002, was the result of the division of power in France between rightist President Chirac and leftist Prime Minister Lionel Jospin. The internal competition within France indirectly effected EU's reforms in a sense that any

initiatives coming from Germany was accepted neither by prime ministry nor by the presidency.

Germany would have probably preferred the victory of Lionel Jospin, who had highly pragmatic approach towards Europe. On the contrary to the German expectations Dominique de Villepin took the French prime ministry. He would not be able to keep his position till the end of his term and he would resign after the negative result of referendum on the European Constitution. From the Nice Summit till the following year elections the French public had not been bothered about European-wide issues.

Normalization of the German foreign policy started with Schroeder. The pacifist character of the German foreign policy during most of the post-Second World War period, changed dramatically. Chancellor Schroeder and the foreign minister Fischer risked their careers by putting an international policy matter in an interventionist way to the agenda of Bundestag. In the end they succeeded by getting the approval to participate in the NATO-led bombing of Kosovo in 1999. Germany sent troops to Bosnia, Kosovo and Afghanistan. German foreign policy sounded more assertive in a sense that it has talked unashamedly about its own national interest. Schroeder unlike any previous post-war chancellor announced that Germany would no longer be the paymaster of the EU. He has lobbied a German seat rather than an EU one on the United Nation Security Council (Grant 2005).

To ensure peace, stability and prosperity in its backyard, Germany welcomed the inclusion of its former communist neighbours into the club. Schroeder spent efforts to persuade France to follow the same policy. Germany becoming dominant in post-enlarged Union due to its close ties with the Eastern Europeans put more emphasis on the German interest than the Franco-German symbolism (Grant 2005).

German relations with the Eastern European member states were worsened by the German refusal to accept the economic consequences of enlargement. The poor economic performance undermined the diplomatic influence of Schroeder. Slow economic growth and rising unemployment obliged Germany to adopt the protectionist measures that were harmful to the new coming Eastern European neighbours. Germany failed to fulfil the

Stability and Growth Pack's criteria by breaching the budget deficit ceilings. Germany inevitably considered giving up its generosity to the club (Grant 2005).

## **5. The cooperation between Germany and the UK as an Alternative**

The election of Tony Blair in 1997 empowered the British role in the EU because of its new leader's pro-European policies especially on defence (Grant 2005).

Some considered that the close relations between the UK and Germany may be an alternative to fulfil the gap to drive major political initiatives in the absence of strong Franco-German axis. Unlike Franco-German axis, the relation between Germany and Britain is neither based on historical experiences nor emotional-oriented. It is a kind of alliance that needs to be worked on. Both have some restraints in their capacity to be potential partners to each other, such as British refusal to join the Euro zone and Germany's supportive rather than leading role in European defence. Though Germany and Britain adopt more or less identical positions towards some EU matters such as legitimacy and transparency, France still remains the only reliable partner for Germany in pursuing the cause of integration. However Franco-German alliance is under strain because of diminishing French role and crises of French confidence in enlarged Europe and German unwillingness to sacrifice its national interests for the sake of its relations with France (Grobbe and Munchau 2002).

Schroeder and Blair, as representatives for centre-left, got the opportunity to cooperate at European level more than their predecessors. It was the best time to ally due to the diminished challenge of unification for Germany, normalization of German foreign policy and more commitment of Britain to European integration.

The enlargement, active military role in collaboration with NATO, deepening integration in internal security and liberalization of trade are the main issues that the level of cooperation between Germany and the UK is intensified most but their commitment to each is differentiated. The solutions they offer to the EU problems differ from each other as well. Intergovernmentalism rested in Blair's solutions left its place to communitarian methods in Schroeder's speeches (Grobbe and Munchau 2002).

British and German views on budgetary issue are identical in the sense that none of them wants a growth in the overall the EU budget, whereas France' supports even increased in order to cope with the enlargement.

The potential for the British-German alliance on the EU economic policy is restricted because the British economy has always been much more liberal in terms of social rights and taxation. Still the cooperation of the two can be intensified in the process of liberalizing trade (particularly in agricultural products), and of making European economy more competitive internationally. UK and Germany call for re-nationalization of EU's agricultural policies (Germany and Britain: An alliance of necessity; Heathe Grobbe and Wolfgang Munchau).

It is rather France than Germany, which is in the British side in terms of the economy. The nature of the German politics, which is sceptical, considers a peer pressure as the only way to bind finance ministers. On the other hand France and the UK are in favour of implementation for the principle of non-binding cooperation (Grobbe and Munchau 2002).

Integration on the security policies under the names of Common Foreign and Security Policy; and Justice and Home Affairs is also a field on which Britain and Germany have intensified their cooperation after the terrorist attack of September 11<sup>th</sup>. An important step towards the normalization of German foreign policy was taken after the vote of confidence in the Bundestag to send nearly 4.000 troops in the support of US military in Afghanistan. For the first time since Second World War, Germany's role as a secondary player in international affairs was over. The attacks on the US enabled Schroeder to convince the public for cooperating actively with the UK in order to build the European defence capabilities. Still the foundation of a European Army was rejected by Britain for ideological reasons and by Germany for financial reasons.

In terms of security issues the main difference between Germany and Britain is defence spending and military capabilities. Moreover for any military operation, an

authorisation of the Bundestag is required according to the German Constitution, whereas the British government has a large scope of freedom (Grobbe and Munchau 2002).

The difference between the politics of European integration of the two countries is based on two reasons. Firstly in Germany there is a broad based pro-European coalition, composed of interest groups, employers' associations, trade unions and church, which are influential in the outcome of most legislation, whereas in Britain there is a more direct relationship between citizens and their legislators through the 'first past the post' electoral system. The second reason is the role played by the media. British political culture is much more media driven in comparison to German one (Grobbe and Munchau 2002).

The British reputation for unreliability is explicitly announced by a senior German policy maker, who says 'at working level, we find the British easier to deal with rather than the French, because they are straightforward and forthright. But we can never rely on them to support us in any major initiative. We are forced to back into the arms of the French whenever we want to take European integration to a new stage.' (Grobbe and Munchau 2002).

The gap between British and German attitudes has actually been institutionalized by the British opt-out for Euro, for Schengen area; and by the German less active involvement in the defence integration. The British opt-out for the Euro makes the cooperation even more difficult because it negatively affects its general attitudes to a whole range of integration. The Germans are similarly annoyed by the unpredictability of the French during cohabitation government like the current one. Though the highly possible choice of the UK to stay out of Euro zone would not frustrate German-British relations in a definite way, still it would mean the continuation for minor role played by this cooperation. The UK and Germany share more commonalities in European integration than they do with France and Italy. If the UK participates in the Euro, it would have as much to offer Germany as France does. The German-British alliance is the most likely one but only if the UK joined the Euro and Schengen. Although this alternative alliance would never replace Franco-German alliance, it is still promising especially on specific issues such as CAP, regional aid and security policies (Grobbe and Munchau 2002).

Though Schroeder did fine with Blair, Chirac did not feel comfortable with Blair, who was accused of being arrogant by the French. The option of bilateral cooperation as the leading figure may also be decayed by the overwhelming resistance of the smaller countries against any Franco-British initiative. Assuming the British, who never sees themselves as a member of the club, offers agreeable terms with France, such cooperation still seems impossible since France always considers itself as the founder of the club rather than just a member of it.

On the basis of the other scenario even if federalist Germany and intergovernmental British could anyhow meet in a common point, this would be objected by more protectionist and statist southern member states.

What Blair did was to construct bilateral alliances with various EU member states on different subjects for example with Spain on economic reform, with Germany on the institutional changes. The British close ties with Bush, who is regarded as an uncivilised cowboy by the French, disturbed Chirac even more. Thanks to Blair's willingness to follow the US to the Iraq War, pacifist Germany found itself again in the arms of France (Grant 2003).

Chirac was aware that a revival in Franco-German alliance was an effective means for restoring French influence. In September 2002, Schroeder was re-elected but this time he was backed by a smaller majority in the Bundestag. He was criticised by his SPD colleagues, who discredited Blair for being neoliberal. Liability of Britain as a trustworthy partner was also questioned since Blair refused to join Euro-zone in the near future. During the Iraqian case, Blair lost sympathy within Germany (Grant 2005).

When Schroeder supported Chirac's plan to fix EU agricultural budget at current levels until 2013 at October 2002 EU summit, the relations began to be overhaul. In early 2003 Schroeder and Chirac stood against the war in Iraq. The French and German governments succeeded in compromising a number of points in constitutional convention.

## **6. The European Constitution**

The European leaders decided to set up a ‘Convention on the Future of Europe’ at the European Council of Leaken in December 2001 in order to collect all existing EU Treaties under the name of Constitution. What obliged the EU to look for a new global framework for the Community is mainly a combination of the European recession, the growing crisis of democratic legitimacy of the European institutions and the necessity for effective regulatory instruments to deal with the challenge of the enlargement.

The Constitutional Treaty was to be the solution to the crisis with which the EU faced. This solution was designed to reopen all existing European agreements and put in question the entire hierarchy of interests established since Maastricht.

In the construction of the community, the commission, using the intergovernmental method, played the main role with the help of its capacity of appeasing countries like Spain and Poland through offering structural funds. This time it was the French-German axis, whose political initiatives were taken into account in the constitution making process. With the aim of providing a text on which debates may be based, the Convention on the Future of Europe, established in early 2002 headed by former French President Valéry Giscard d’Estaing, completed its work with a ‘Draft Treaty Establishing a Constitution for Europe’ in June 2003 (Everts and Keohane 2003).

### **6.1. Common and Diverse Standings of France and Germany before the European Constitution**

Since the beginning of constitutional talks in Leaken the French government has not been the most passionate supporter of the Convention. Nevertheless it accepted its formation for three reasons. First of all this body would not be a threatening one and it would just be committed to prepare the work of an intergovernmental conference. Secondly the man chosen as the Chairman of the Convention, Valéry Giscard d’Estaing, who was the former



French President, would be very useful for the French government. Lastly it was considered as a good way of waiting for the election result in France and Germany while seemed to be working on the future of Europe.

The first development in the French attitude towards the Convention came just after Chirac and a right-wing government was re-elected as a result of April-June 2002 elections. In the month of November a few weeks after the decision of re-elected Chancellor Schroeder to appoint his foreign minister Joschka Fischer as German representatives, Chirac followed his German counterpart by appointing his own minister of foreign affairs to represent France in the Convention. The two most determinant men within the European Union clearly showed how serious they took the work of Convention.

The completion of the draft treaty was not an easy job. Dealing with each subject at hand, in the period between 2000 (Nice Summit) and 2002 Franco-German relations were crashed around because of the diverse nation-based perceptions towards the European Constitution. The whole year of 2002 the French and the Germans failed to reach a common position to represent and to impose to the rest, as a constitution was being shaped. A few weeks ahead of 40<sup>th</sup> anniversary of Elysee Treaty on January 22, 2003 very promising developments happened when France and Germany succeeded in verifying the points about the constitution on which they agreed on. They prepared the joint contributions to be submitted to the EU's Constitutional Convention on the issues of the size of agricultural subsidies after enlargement, justice and home affairs, defence, economic policy and institutional reform. Thereafter their relationship revived step by step (Economist, Volume 369, 25.10.03).

Though the Franco-German contribution on institutional architecture did not give answers to the all questions discussed within the Convention, still French and German views deserve analysis in order to see in which point they shared interests and in which points their interests clashed with one another. Such analysis would serve to grasp whose interests dominated the declared constitution or who had to sacrifice what, to meet on a common ground to impose their common decision to the rest in the end. The common standing of

France and Germany would mean the success of the Convention, because any Franco-German joint proposals have traditionally aimed at a synthesis of opposing and extreme positions on a issue at hand-the federalist versus the intergovernmental vision (Dehousse and Mauer: 2003).

In general terms the traditional French attitude towards European affairs is to specify the competences of the EU institutions whether adopting the laws (Council and Parliament) or implementing them (Commission) rather than to specify what policies would be dealt at what level. Briefly what France argued at the talks for the Convention did not much differ from the ‘cohabitation days’ in which one party held the Presidency and another held the majority in the Assembly and thus the prime ministry. So the priority was the balance between Community and intergovernmental method. The closed doors seemed to provide the French a forum, through which it could easily improve its relations with its German counterpart.

#### **6.1.1. Strengthen Executive;**

French and German views differentiated when it came to the point of separation of powers within the EU. Currently the presidency of the 25-member European Council, which is the top decision-making body in the European Union, rotates alphabetically by country, and each president serves a six-month term (Beehner 2005).

Generally French representatives and the French president supported the idea of the reformed presidency having a longer period of time than the current rotated six months for better continuity in EU works (Everts and Keohane 2003). What is argued in the *Economist* dated 18<sup>th</sup> January 2003 is that though the French wanted long term but less powered presidency for the Council, Germans preferred to empower the president of the Commission to execute whole Union with supranational autonomy. In the end a common ground found and their proposal was opting for the president of Council elected by the heads of states for five years or two terms of two-and-a-half years whereas the president of the Commission

would be subject to an election among European parliamentarians. What their proposal would cause was simply a chaos about who would really get the power.

Concerning the issue at stake the reflection of the Franco-German proposal in Britain was understandably very positive because British defined anything better than real German idea of having one president both for the Commission and the Council. A British minister was even denounced the idea as a way of creating a 'kaiser' for whole Europe.

Inevitably the idea attracted number of criticisms from the small states, whose voices in the elections would be comparatively less and from the European Commission, whose ability to set the EU policy agenda and to speak in the name of the union on the world stage would lessen. In the end it was commonly accepted that under the new constitution, the president will be the European Council for a term of two-and-a-half years, allowing him or her to set a stronger long-term agenda.

### **6.1.2. Coordination of the Foreign Policy**

In terms of foreign policy, the change offered in the draft was the establishment of a new post of EU minister for foreign affairs, who would be a member of the Commission but an agent of the Council of Ministers. However the last say was still supposed to remain in the hands of member states, who would decide on the basis of unanimity principle in the Council of Ministers and the European Council (Everts and Keohane 2003).

As it was analysed in Economist in its 366<sup>th</sup> Volume was that unsurprisingly the British reaction towards so-called super-ministry was not extreme, since this post was planned to be based in the Council rather than the Commission.

### **6.1.3. Reallocation of votes**

Under the current system, declared in the 2001 Treaty of Nice, all major policy decision in certain areas can only be taken unanimously. What was offered by Spain and Portugal is to keep 50% for the majority of member states but to set the population threshold

on European level at 65% with an aim to prevent three largest countries from being able to form a blocking minority. In the end, an agreement was made. Decisions on defence, taxation and foreign policy still subject to unanimity whereas justice and law-enforcement issues did not. Moreover the Constitution aimed at reflecting countries' population by giving greater weight to larger members in voting process. However to prevent more populous countries from exercising too much power, the Constitution requires that a policy can only become a law with the approval a qualified majority of 55 % of the member states and 65 % of the European population.

This requirement would cause 'super qualified majority system', which may even make the system even more dysfunctional (Beehner 2005).

## **6.2. The Drawbacks of the Constitutional Convention**

The democratic deficit implicit in the intergovernmental method of the Convention due to lack of discussions, lack of voting, ended up producing a draft Constitutional Treaty that, practically confining the functioning of the EU to the Directory of the big net contributor member states. It was criticised because it lacked any consensus from the medium and small member states in various aspects.

However, it should be understood that the draft drawn up by the Convention – which basically reflected the agreements of the Franco-German Summit of January 2003 and the “red lines” imposed by Great Britain – could only propose a system of institutional functioning based on the double majority of states and population, despite having no mandate to alter the agreements of the Treaty of Nice. It ensured the practical functioning within the European institutions of the directory of the big member states. The danger of medium sized member states wielding a veto in defence of their national interests was eliminated.

The Treaty to establish a Constitution for Europe was agreed by the European Union's twenty-five Member States on 18 June 2004. This was followed by a signing an agreed text in Rome on 29 October 2004. This is not the final step however: all the member

states of the EU had to ratify the Constitution. In some cases this will be done through referendum in others through parliamentary approval.

### **6.3. The French and Dutch rejection to the Constitutional Convention**

In principle if the treaty had been ratified, then it would have entered into force on 1st November 2006. Because the Constitution is only possible if it is ratified by 25 member states, the rejection of 55 % of French voters and % 62 of Dutch voters to the draft Constitution in June 2005 meant the death of constitutional Europe at least till 2009.

Though German politicians were highly involved in French campaign for the EU Constitution, the result was negative in the end. After the referendum in France, Raffarin, serving as prime minister since 2002, resigned. Dominique de Villepin, who had been interior minister, took the seat of prime ministry (Nell 2005).

In the light of these results, the European Council, meeting on 16 and 17 June 2005, announced in the official web page of the EU that

*“we do not feel that the date initially planned for a report on ratification of the Treaty, 1 November 2006, is still tenable, since those countries which have not yet ratified the Treaty will be unable to furnish a clear reply before mid-2007.”*

The rejection of the constitution affected the whole bloc in a way that has echoed throughout whole continent. The media showed great enthusiasm to possible effects of French no to the future of the European Union. Austria's left-wing daily Standard wrote that “The French 'no' has just triggered an earthquake at the scale of the European continent: the constitution project is dead, at least in its current form” . Denmark's conservative daily Berlingke Tidende mentioned "Europe thrown in a historic crisis." But the 54.9 percent "no" vote was a blow for French President Jacques Chirac and the French political class, according to several European papers. Even some regional French papers saw the vote as the end of "Chiracism".

Chirac was blamed for being the reason for the current crisis in France. He has been also seen as a risk-taker. He chose to dissolve the National Assembly without formulating a persuasive theme for the following campaign in 1997. This resulted with a socialist victory in the parliamentary elections, forcing Chirac to work with a socialist prime minister, Lionel Jospin, for the next five years. The socialist government continued under the leadership of unpopular Jean-Pierre Raffarin from 2002 to 2005. Chirac's risk taking capacity was also exceeded its borders with the unnecessary referendum of the EU constitution. These failures have made it impossible for Chirac to run for re-election when his term ends in 2007. So Chirac is accused for being responsible to prepare his own end as well as to worsen France's political and constitutional problems (Kramer and Philip 2006).

There are mainly two factors, which caused the French to reject the EU constitution: a general crisis in French society and false conceptualization of the EU inherent in the French culture. The general crisis was caused by the fact that the economy has suffered from slow growth for the last decade, its social welfare model is highly questionable and its system of ethnic integration has been threatened by the recent riots in the Parisian banlieues and mass protests against youth labor reform.

The recent French public's discontent is mainly rested upon the economic problems. Thanks to the central planning and the large state intervention, French economy rapidly developed 30 years after the Second World War. The reduction of state planning and the privatization of national industries brought about liberalization of the economy since 1990s. But unemployment has reached at around 10 % during the last two decades. The main reason of the high unemployment is France's highly restricted labor markets, which discourage the employers to hire new workers in the periods of economic growth because the workers cannot be fired during economic crises. The government solution was to reduce the work week to 35 hours, to encourage early retirement and to create temporary public sector jobs for the young. The result was disappointing in the end, because these measures even increased the cost of welfare state. Last year Prime Minister Dominique de Villepin tried to reduce youth unemployment by proposing a kind of labor contracts for employees under 25. According to

the contracts, employees under 25 would be fired without a reason in their first years on the job.

The government had to repeal the law when it faced the mass protests. The ethnic minorities in France are the ones that affected most from the unemployment problem. As the protests clarified, ignoring France's ethnic minorities is no more possible. It is not easy to reform the France's welfare system, which favours some professions more than the others. These privileged groups would inevitably resist any reforming attempt.

The French elite is divided on the vital issues and has lost the confidence of the public. In time the French has placed itself in a self-serving and defensive position on the EU. Secondly in spite of France's vital role in the formation of the EU, the country's relationship with Europe has never been easy going.

France wants a powerful supranational body that has a say in the world politics but it does not want to sacrifice national sovereignty for the sake of the anticipated supranational institutions. This kind of intergovernmentalism is rejected by the French voters (Kramer, Philip 2006).

What was declared in BBC news on 29<sup>th</sup> May 2006 is that the reason of the French no seems obvious, because the leftist were fearful of ultra-free market economy whereas the rightist are of supranationalism in the EU (Keohane 2005).

It is argued that the result of the referendum for the EU constitution revealed a deep-seated crisis of legitimacy, caused by the government's failure to solve long-term issues. The characteristics of the post-war French model are a strong executive and a weak parliament; an economic system with large state intervention; an extensive welfare system; the support for European integration based on an intergovernmental model; the use of the Franco-German alliance as a means for maintaining peace and exercising French influence.

The fundamental constitutional problem of France is how to balance the powers of the executive and the legislature. French political system is neither presidential nor the parliamentarian. It is in the middle in the sense that both parliament as well as president is empowered. Inevitably this arrangement let to the chaos in considerable number of matters.

The referendum mechanism, established by De Gaulle, is designed to be used as a way of renewing the president's mandate. On the other hand this mechanism becomes easily a way for the public to demonstrate its disapproval of the government and the president. The referendums can easily pay the way for fiascos. So submitting the EU constitution to the public was not wise enough (Kramer and Philip 2006).

The French vision of Europe is based on three principles; an intergovernmentalism that enforced the least transfer of power to the Union's institution; the French leadership (or at least Franco-German leadership on French terms) and a European Europe not dominated by the US. In terms of France's ideal institutional model for the EU, which is the intergovernmental one, is likely to create high technocratic EU, that is not indispensable in the eyes of the French. The French public did not credit such model in the constitutional referendum (Kramer and Philip 2006).

The second profit of the EU, which is to empower France in the European politics if it acts in line with Germany, lost its attractiveness. The power enjoyed by France and Germany was actually diminished with the rise of other member states, demanding equal say in the European project. The UK has begun to offer more successful socioeconomic model in comparison with the French and German ones. The more France lost its dominance in the EU, the more anxious it becomes.

The anxiety over that lost was evident in the result of the constitutional referendum. Paradoxically the objection of the constitution would weaken the role of France in the EU even more (Kramer and Philip 2006).

The third principle of France is to resist the US hegemony. The refusal to support the US in the War of Iraq, was considered as a brilliant victory tactically in terms of France's UN diplomacy whereas as it was criticised as another blunder of Chirac strategically. France's action was accused of damaging the transatlantic relations of the EU (Kramer and Philip 2006).

Despite the all inner problems of France, the country is still indispensable for the Union to improve especially in the matters of institutional reform and the common foreign



and defense policy. However if France wants to regain its ability to lead the Union, the French elite and the French public have to gain more liberal perceptions about the role of the EU and the domestic economy. The social drawbacks the government would face, while implementing more liberal policies, would be balanced by the economic gains in the long run. If France would be ready to sacrifice some of its sovereignty to the Union's institutions, it would regain its leading role within the Union. If France would be able to redefine the Union's and its own role in the world in a more globalised way, it would have more say in the future while the Union is determining its foreign policy. So the foreign policy of France would become closer to that of Germany, which is more open to global engagement under the leadership of Merkel (Kramer and Philip 2006).

The rejection of Dutch is as important as the French, because the Dutch, who are one of the most beneficiaries from the EU integration in terms of its prosperity and security, is likely to impress the idea of smaller states (Keohane 2005).

The two 'no' votes do not automatically mean an end to the whole process of the ratification. Already 15 member states, namely Austria, Belgium, Cyprus, Estonia, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Malta, Slovakia, Slovenia and Spain have ratified the constitution.

What can be done to solve the ratification crisis and what happens in case of the rejections are the questions that have no answers yet. The solutions offered are to rename further political integration as basic law not the constitution or to name as the constitution but to moderate the articles within it. Some are inclined to determine that the future of the EU is still promising even after the negative outcomes of the referendums in Holland and France. What they argue is that the EU managed to take some significant steps recently, such as the opening of accession negotiations with Turkey in October 2005, the agreement of a new budget in December 2005 and the membership of Bulgaria and Romania in January 2007. The reason for their optimism is based on their assumptions for the future.

What they assume is that whether the EU would implement bits of constitution or would integrate by other measures on the ground of informal or semi-formal ways; or the

EU would promote a new treaty, which should then be ratified through referenda; or the EU would emphasise on concrete issues that are relevant to the citizens' day-to-day lives (Wanlin 2006).

On the contrary to these pragmatic views, which actually do not offer an ultimate solution to the current constitutional stalemate of the EU, the main vision about the prospects of the EU is a deadlock. Renegotiation on a constitution would not be easy since the Dutch and the French would oppose any change that resembled an effort to reintroduce the constitution through the back door. Working on the basis of specific issues would inevitably necessitate delegation of national sovereignty to the EU to fulfil the task at hand. In the end this would only blur the division of competences between the Union and national governments (Wanlin 2006).

This pessimism is also shared by Charles Grant (2005), the director of the Centre of European Reform in London. He argues that "There will be no more treaty-based integration in the foreseeable future". He considers that deepening as well as widening has come to an end because they go hand in hand. It is argued that the elites of core countries accepted the widening only if it goes together with deepening.

For them without deepening, the enlargement would bring about a free trade area with only weak political institutions. Interconnection between these two trends was emphasized by the French politicians, who changed the law before the referenda. According to the new law, the acceptance of any country into the club is subject to a referendum.

However the hidden reason behind the French constitution may not be so naive. Chirac may have tried to convince the public for the possibility of rejection for new member states' entry in order to get approval for the constitution in return. So the benefits of widening may be sacrificed for the sake of deepening.

To find a solution to the ratification crises, all hopes remains on the Germans, who take the presidency for the first half of 2007. Still possible substantial proposals from Germany would be likely blocked by the elections in France and in Nederland. Unconstitutional Europe means fixing the number of member states to 27, which would go on with existing treaties.

The Dutch and French “no” to the draft constitution have blurred the future of Europe at least for the coming four years. Recently enthusiasm within the EU seems to be lost. Under the German presidency for the first half of 2007, EU of 27 (including Romania and Bulgaria) may get out of trouble if France and Germany success in agreeing on new terms of draft constitution. But Germany, along with other 14 member states has ratified the constitution and would certainly like to change it as little as possible, whereas France would not like to see the same text again. In a case of renaming and amendment of constitution by the attempts of France and Germany, no other states would dare to stand against. At best a new draft will be ratified in the year of 2010, nine years after the idea was launched. Three more years for the constitution would predictably lessen the already diminished enthusiasm among the member states especially in terms of enlargement and foreign policy (Hughes 2006).

Thus Germany would achieve a great task during its presidency, if it manages to ease major tensions about the constitutions. However what was declared by new German chancellor Merkel was that

*"Within our presidency, we'll certainly not be able to resolve the constitutional issue in all its aspects. But we'll aim to bring about fresh awareness among the member countries that we need a European constitution,"*

Merkel seems to believe that under the German presidency, a roadmap for further moves on the treaty should be worked on. She believes before the next elections, which is in the year of 2009, Europe will have a constitution. The desire of Holland to reduce the scope of treaty and to rename it other than constitution and the attempt of France to wait till French presidential elections in May 2007 will remain the most important obstacles in front of the constitution in the future.

## **7. Conclusion: The Prospects of the Franco-German Alliance**

The French “no” and the defeat of Schroeder in the key state election proved that the credit given to the Franco-German axis is no more limitless. The Franco-German axis seems to be in trouble. The French “no” is more than a rejection of constitution by a member states. It is not just any country, but rather an EU founding state. Its negative effect on Franco-German alliance would not be less than that of the future of European Union.

As the leader of the EU till the second half of 2007, Merkel has lot to do for the sake of the Union and the Franco-German alliance. Merkel seems to be wise enough to translate German national power into international influence. Unlike her predecessor, Schroder, she avoids to accuse the EU, when the things go wrong at home. As an Atlantist, a market reformer and a free-trader, she asks for a transatlantic free-trade area through dismantling the non-tariff barriers between the US and the EU. However there are some signals that she would take some irrational steps. The choice to place the EU constitution at the top of her agenda may not be the rightist timing because of the French presidential and legislative elections. The other option in her agenda is the formation of a transatlantic free-trade area. But this time the obstacle arises from the American domestic politics, which is dominated by the free-trade opponent Democrats in Congress. Besides their constitutional and free-trade proposals, Germany tries to manage more at the same time. It wants a new treaty with Russia; more say in the Middle East, new energy policies and rearranged relations with the EU’s eastern neighbours.

Regardless of what Merkel does, the great expectations rested upon the presidency of Germany are likely to be frustrated. Rather the EU itself has changed. Once the power enjoyed by France and Germany within the EU is no more available neither to the two, nor any other country. In the past Germany as the motor and France as the steering wheel could achieve anything, on which they were agreed. It is commonly believed that within the EU of 25, no country would be powerful to an extent that was once enjoyed by the Franco-German alliance in leading the whole Union. This analysis deserves an attention, but still Germany with the largest euro-zone economy is the first among an increased number of equals.

The reason given by some about the weakness of the Franco-German alliance is the change in the politics of France and Germany. According to this view the alliance was respected not because they were economically and politically more powerful, but because their interests were contrasting to each other. When they were able to reconcile their differences, the rest usually accepted that compromise. The best example was the euro. It happened because it promised more control over monetary policy to France and more political integration to Germany. Under the leadership of Chirac and Schroder this tradition was put on the dusty shelves. France and Germany started to cooperate on the matters that were already in line with the interests of both separately. They both opposed to the Iraq war and rejected the radical farm reform. As their interests became closer to each other, their leadership role was not respected by the rest, who treated them as just another big interest group. The approval of this interest group is still necessary to make the things work, but it is no more credited as an authority for the last say. The role of Germany and France within the EU would continue to be influential but not directory (Tricky weather). But this view on its own is not enough to clarify the reason for the decrease in the influence of the Franco-German alliance. Because even France and Germany were able to find a common ground on the matters they were contrasting to each other, such coordination would not enable them to impose it to the rest because of the changing environment of the EU.

On the other hand some continue to see that the domestic economic and political problems rather than the outside effects weaken the influence of the alliance and the alliance itself. Both countries face with difficulties at home. For the part of France, it has lost its natural leadership role especially after the rejection of the EU constitution. In France there is a growing popular unrest about the diminishing social state. Although French recovery is not a sufficient condition for the future improvement of the EU, it is undeniable a necessary one. Unless Germany recover its economic growth to an expected level, it would not be easy for Merkel to regain the role of natural leadership within EU (Grant 2005). For a return to the two-speed Europe, both France and Germany have to revitalise their economies. Such change would be easier for Germany in comparison to France, since German tradition is much more familiar with liberal market economy.

There is an uncertainty about natural leadership of the EU. The EU, under the German leadership till the second half of 2007, would witness a grow of the German influence, if Merkel manages successfully. Many of the member states are in chaos. France is waiting for the elections, Britain is witnessing an uneasy handover, Holland and Austria are in post-election period, Poland, Hungary and the Czech Republic are in mess. So it is just the right time for Germany to assert its newly emerging confidence, which is based on its recovered economy and stabilised political life in the absence of strong opposition. Merkel is ambitious to revive the European Constitution, to secure Europe's energy supplies, to implement more dynamic European policy on the Middle East, to deal with Turkish membership issue. However what is argued by Boyes in his article in *New Statesman* is that Merkel would probably fail to reach her dreams because of three reasons. First of all it is obvious that the success of any European policy mainly depends on the strength of the coalition behind the policy at stake. Franco-German alliance lost its momentum. It is obviously difficult for Merkel to find the necessary majority to back her policies. There are the radical right and the radical left, whose strengths are growing. Secondly for an EU presidency to be strong there is a need for an ally within the European Commission. Though Merkel helped Jose Manuel Barrose to become the president of the Commission, he is not favouring Merkel as much as Merkel did. Lastly for an EU presidency to be effective, it has to take some risks.

Merkel has to take the risk to determine and announce its moral and geographical boundaries. She does not seem to have such intentions. Still if German decision-makers are able direct the politics in a way that favours order rather than chaos, there is a chance for Merkel. However after the duty of Merkel is over, she would not become a natural leader of the EU. The EU will probably be in search for another national leader (Boyes 2007, 32-33). According to these views, if the domestic problems were solved in France and Germany they would regain the power of their alliances, no matter how the EU itself has changed. This perception is also disregarding the effects of the circumstances, developed without the influence of France and Germany.

However it is obvious that it is the structural changes that are the most determinant ones in the future of the Franco-German alliance. Even if France and Germany would overcome their domestic problems and share common views on the Union's matter, it does not automatically give them the ultimate power.

Germany is no more able and willing to be the Unions's paymaster. Beside the relative economic weakness and unwillingness to pay the price, the younger generation of German politicians no more regard expressing German interests as an aggressive assertion of nationalism (Stuart 2004).

It is commonly believed that the replacement of Schroeder by Angela Merkel would mean the end of close relation between France and Germany. Though the official reason behind Schroeder's last visit to Paris was to discuss the next summit dealing with the future of bloc's rejected constitution, the unofficial purpose of the visit was probably to say goodbye to a close friend and ally. It is for sure that France and German relations will continue to be close but not as it was before. This prediction can easily be made if one reads what Merkel said during her visit to Paris in early 2005. She explicitly announced as follows:

*"We are anxious to make Franco-German relations work for the benefit of Europe. But the other countries must not have the feeling that we are deciding things above their heads."*

Many remain on the side of Merkel in the terms of the future of Franco-German alliance. They argue that though relationship between France and Germany would be vital for the EU, it should be less exclusive than it was under Schroeder's regime. Depending on the basis of the case, other states like Italy, Spain, Poland and / or smaller countries should be involve into the cooperation. France and Germany should use the procedure of enhanced cooperation, which allows the creation of avant-garde groups. Though not explicitly announced, the idea of using this procedure was obvious in the creation of the European

public prosecutor, and in the harmonization of tax laws. Any matter that is dealt by avant-gardes should be open to the rest as well if they fulfil the necessary criteria (Grant 2005).

So a pioneer group will travel in the fast line of Europe. The other member states, which are unwilling to jump on this train, will be left behind and the only train remain for them will be the one, that is in the slow lane in the process of deeper integration (Stuart 2004). France would have probably prevented the enlargement if it had been the only one to decide.

At least it would have allowed the enlargement to an extend that was not harmful for the sake of the core (Holm 2004, 482). France would have preferred it or not, in the end the enlargement came true.

Within the enlarged Europe, the leaders of the core countries should not underestimate the value of enhanced cooperation because the participation of all member states in every policy matter becomes increasingly hard to sustain (Grant 2005). Regarding the composition of the enlarged EU, there are now more small states and fewer large ones. Since the most of new member states are more market-oriented in comparison to protective old member states, the heterogeneity of the club has even increased (Stuart 2004). So like-minded states, lead by core countries should cooperate closer to take major initiatives. On the other hand the lack of strong leaders in the core states, who are dedicated to European integration, would mean that the creation of a leading avant-garde group has to wait for the successive governments especially in France and Germany (Grant 2005).

The EU is standing in such a point, where it urgently needs enthusiasm to go further. Such enthusiasm has always been created with the initiation of the core states. Regardless of who initiates, a multi-speed Europe is still the ideal in the end. The hope for the realisation of the ideal was put into words by the American defence secretary Donald Rumsfeld. He made a distinction between a so-called 'new' and 'old' Europe. He declared that they were not thinking of Europe as France and Germany. But he said that what they saw in the centre of gravity were the new members of the EU together with the EU. The replacement of power from the old Europe to the new Europe makes France uneasy player on the European stage (Holm 2004, 471-488). The emergence of a more variable geometry where the key players are



the Weimar Triangle (Germany, France and Poland) and the UK is another equally possible scenario. Within this scenario, it is for sure that the role of Germany would be more vital than it has been in the past (Stuart 2004).

The two-speed Europe, led by France and Germany may likely to remain a throwback to an impossible past. The future of the EU would probably rest on the states, which are willing and able to integrate on the basis of enhanced cooperation. And the result of their cooperation would determine the destiny of the whole union. As it was the case in the application of the UK, if the closer cooperation becomes attractive to opting-out states, they would not dare to stay outside for long.

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